


The Director of Central Intelligence

Washington, D.C. 20505

Intelligence Community Staff

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MEMORANDUM FOR: See Distribution

FROM : 
Director of Performance Evaluation
and Improvement

SUBJECT : Final Issues for SCC Subcommittee on
PRM-11, Task 2

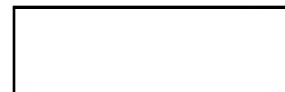
Here, for your information, is a revised set of
the issue papers presented to the members of the DCI's
Subcommittee overseeing Task 2 of PRM-11.



Attachment:
ICS 77-2138

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AGENDA

Second Meeting
of the
SCC/Subcommittee on PRM-11, Task 2
1 April 1977
(1600-1800 hours)
Room 340 Old Executive Office Building

1. The main business of this meeting is to discuss the key issues at Tabs 1 through 8 relating to the DCI's role, and to provide guidance to the drafters of the PRM-11, Task 2 report in treating these issues and others the Subcommittee identifies.

2. The Task 2 report is currently being drafted. A first complete draft will be circulated to principals and to all National Foreign Intelligence Board members for comment on or shortly after 4 April 1977. Major revisions will be negotiated in working group sessions or telephonically.

3. The Subcommittee should plan to meet to consider the revised draft no later than 12 April 1977. Final revisions and approval by principals might be susceptible to telephonic concurrence, or a subsequent meeting may be required at the discretion of the members. The report is scheduled for submission to the National Security Council by 15 April 1977.

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Issues for Meeting of SCC Subcommittee
on PRM-11, Task 2, 1 April

Front Piece

1. Among the issues confronted in examining the DCI's role, responsibilities, and authorities, the following eight can be identified at this point as deserving special emphasis in the conclusions of the Part 2 report. They are likely to reappear as issues in Part 3 of PRM-11, and probably will require Presidential decisions or guidance.

1. The DCI's power and Community structure for managing national intelligence resource allocations

2. Enhancing the relevance and quality of intelligence products

3. The DCI's role in wartime

4. Intelligence and non-intelligence foreign information gatherers of the government

5. Net assessment and "Blue" information needs

6. DCI responsibilities to Congress

7. Intelligence security

8. National counterintelligence policy and coordination

2. Brief papers on each issue are at Tabs 1 through 8, each presenting:

- a. Issue
- b. Discussion
- c. Possible conclusions of the PRM-11 Task 2 report

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3. The DCI, the intelligence agencies, and the Community as a whole face many other issues, problems, and challenges that must be addressed in PRM-11. Among the more important of them are: (issue papers are not included)

- a. Assuring an effective collection guidance and requirements system.
- b. Assuring an effective process for preparing national intelligence estimates.
- c. Creating systems for measuring the performance of intelligence collection and production entities.
- d. Creating mechanisms in the Intelligence Community for accomplishing evaluation, planning, programming, and budgeting (assuming a prior definition of the DCI's role and powers).
- e. Striking the proper balance among current, analytical, and estimative intelligence; and between production, collection, and processing.
- f. Assuring a functioning warning and crisis support mechanism for the Intelligence Community.
- g. Developing Community personnel policies or goals that assure the availability of necessary technical, linguistic, and analytic talent over the long term.
- h. Developing coherent Community automated data processing and intelligence data-base systems and policies.

4. These are not "second class," but significant issues affecting the future performance of the Intelligence Community as a whole. They will, therefore, be examined in the body and, to some extent, the conclusions of the PRM-11, Task 2 report. By and large, however, these are matters that the DCI and other intelligence authorities should resolve as part of their jobs. They require long-term management attention at several levels within the Community and are not readily susceptible to one-time decisions on "what is the objective" and "who has what responsibility and what authority." Understanding of these issues at the Presidential and National

Security Council levels should be helpful in part because decisions on some of the first set of issues, such as DCI responsibilities and powers in the Community, will determine how and, in some cases, whether those in the second set can be effectively dealt with in the future. But the second set seems made up of issues on which specific Presidential decisions or guidance are unlikely to be required from PRM-11.

Issue No. 1

Defining the DCI's responsibilities and powers, and the appropriate Intelligence Community structure for managing, planning, programming, and budgeting national intelligence resources, especially with relation to the responsibilities and authorities of department secretaries.

Discussion

1. Since World War II, a complex community of organizations has been created to produce national intelligence. These organizations are lodged in numerous departments of government, most of them in the Defense Department. Since the late 1960s, all Presidents and, increasingly, the Congress have looked to the DCI as the nation's senior full-time intelligence officer to lead and to manage this Community. Emphasis on the importance of Community resource management has steadily grown. The President and Congress expect the DCI to assure that resource allocations are optimally balanced across intelligence activities for the best product at the least cost.

2. Some would maintain that the mounting demand upon the DCI to fulfill this role has been unwise from the start and that departmentally based intelligence resource management should not be subject to centralized extra-departmental intelligence authority. But fiscal pressures created the demand for more and better intelligence resource management, while the DCI's "centrality" in the system, his seniority as the nation's substantive intelligence officer, and his undivided preoccupation with intelligence made him its natural focus. In the presence of vague or overlapping definitions of "national," "departmental," and "tactical" intelligence, some in Congress have sought to press on the DCI more responsibility for the latter classes of activities.

3. Defining and empowering this DCI responsibility has been studied intensely several times in recent years. To date, each round of decisions has resulted in giving the DCI Community management mechanisms that have been essentially collegial in nature because of the continuing line responsibilities of departmental management. That is, DCI responsibilities and powers overlapped or conflicted with those of

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other officers, notably the Secretary of Defense, requiring a negotiating forum to reach decisions. President Ford's Executive Order 11905 created such a forum for resource management matters in the Committee on Foreign Intelligence (CFI), now called the Policy Review Committee (Intelligence).

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25X1 4. Several of the elements of the Community are primarily national by charter and mission: CIA, NSA, [redacted] Only CIA is directly subordinate to the DCI. NSA [redacted], located in the Department of Defense, are especially significant in this context for the volume and importance of the intelligence data they collect for national, departmental, and, potentially, tactical purposes. Routinely these organizations respond to operational tasking by Community mechanisms in which Defense participates heavily and over which the DCI presides. In debates over programming and budgeting, they appear at times from the DCI's vantage point to be castled behind their institutional subordination to the Secretary of Defense. From the vantage point of senior Defense intelligence managers, however, they seem immunized from clear Defense control by their obligatory responsiveness to the DCI. The program manager's vantage point reveals the uncertainties, ambiguities -- and some flexibilities -- involved in having dual masters.

5. Other elements, such as DIA, other components of the General Defense Intelligence Program, State/INR, and the intelligence elements of Treasury, FBI, and ERDA exist primarily to serve departmental needs, but also play a vital role in national intelligence collection and production. The ambiguities of dual masters are displayed in their program management to varying degrees as well.

25X1 6. The DCI's authoritative influence over collection priorities and requirements is a potentially strong, if imprecise, influence over the programs and budgets of NSA, [redacted] and other Community elements he does not directly control. Some believe that defining requirements and priorities should be the only basis for his influence on programs.

7. A very important part of the DCI's Community leadership and resource management role is to stimulate technological and other initiatives aimed at improving collection and production performance. Then he must assure such initiatives are

realistically evaluated against requirements and cost. This dual obligation creates a challenge for any resource management system. "Tight" management tends to assure that only needed innovations are approved. But it may also, over time, suppress innovation.

8. The question before the house is whether and how well, via present collegial mechanisms, the DCI can accomplish effective resource management in the Community, especially as regards planning and programming for the future.

9. Prior to the issuance of E. O. 11905, the ability of the DCI to influence the allocation of Community resources was limited to his authority over the CIA and his participation as one of the two members of the Executive Committee (ExCom) which controlled [REDACTED] programs. Even there, where the DCI had direct but shared authority over reconnaissance programs and activities, some argued that he and the Department of Defense representative were limited to approval or disapproval of program manager recommendations. There was no effective method for the DCI to stimulate activity or to direct trades between programs.

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10. The DCI's voice was also limited prior to E. O. 11905 by the comparative weakness of the mechanisms for making his views known to the President and the Office of Management and Budget (OMB). Departments and agencies submitted their budgets separately to the President through OMB. Issues which developed during the budget formulation and submission period were often debated and resolved without direct DCI input. The DCI's recommendations were provided to the President in an independently drafted set of program recommendations delivered in mid to late December. By then, the value of this document was limited to little more than interesting reading.

11. The CFI was created in order to extend the ExCom style of management to the entire National Foreign Intelligence Program (NFIP). Lacking such a forum, the DCI would be relegated to the pre-E. O. 11905 situation; limited to bringing influence (but no authority) to bear on only selected resource decisions. He would be unable to force the Community to view entire programs side-by-side and to shift resources among them.

12. During the past year, the first fully consolidated NFIP and budget were developed under the provisions of E.O. 11905. This was a major accomplishment. But, it was accompanied by persistent struggle over conflicting authorities and substantive judgments between the DCI and the Department of Defense. These struggles made unnecessarily cumbersome the process of rationalizing the overall NFIP budget. Progress was made in achieving decisions on new initiatives and in obtaining Community positions on issues stimulated by Congress and OMB. Much less was accomplished in examining fundamental cross-program issues and resource balances such as implied by "zero-base budgeting." It has been difficult for departments/agencies having elements in the NFIP, especially the Department of Defense and the State Department, to accept the PRC (CFI) decisions as final and not subject to the ultimate decision authority of the Secretary or Agency head. Yet they must if the collegial decision technique embodied in the CFI is to yield a consolidated NFIP and budget for which the DCI can fairly be held responsible. Otherwise, the mechanism is essentially advisory and the DCI should not be held accountable for its results.

13. The achievements of the past year were attended by growing tension between the two management roles of the DCI: head of the Central Intelligence Agency and leader of the Community. Some have argued, as a consequence, he should be divested of the former so as to be "neutral" in executing the latter role. Others contend that this alone would only create a weaker DCI, with no executive base, or simply place another, weaker authority, between CIA and the President. To be a strong Community leader, the DCI needs, not less authority over his only present operating base, but more over other key Community elements.

Possible Conclusions of the PRM-11, Task 2 Report

14. One may reach the following divergent conclusions on the present Community management mechanism:

Opinion 1

The present system did not work too badly for the first year. A learning curve will show improvement, especially as a full cycle of evaluation, planning, programming, and

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budgeting is implemented. Moreover, whatever the cost in bureaucratic struggle, it is essential that the future programs and budgets of the main national intelligence entities be thrashed out in a forum where a diversity of needs and views are authoritatively represented. A rational consolidated NFIP can be developed by collegial mechanisms, but, in the final analysis, the ultimate authority over the programs and budgets of departmentally based intelligence programs rests -- and must rest -- with the department head. The DCI should lead by defining requirements and priorities.

Opinion 2

The first opinion is correct in stressing the achievements of the past year and the prospects for improvement as the present system shakes down. It is also correct to stress the value of collegial mechanisms in expressing the diversity of demands on intelligence programs that exist in the real world, no matter what the authority structure, and that should be reflected in those programs. But stress on the ultimate authority of the department head over the Community mechanism chaired by the DCI is bound to make the system fail -- or at least very awkward. To function, the system requires direct access to and influence over the entire programming and budgeting process of all NFIP programs on the part of the DCI's Community mechanism and acceptance of collegial CFI, now PRC(I), decisions as final, but for infrequent cases appealed explicitly to the National Security Council and the President. In essence, the system can work if the members want it to work.

Opinion 3

The present system leaves the DCI with too little power over entities other than CIA to achieve what is expected of him, a fundamental rationalization of resource allocation among the major national intelligence organizations and activities. He does not have sufficient direct power, except through the PRC(I), to investigate, call up well-supported program alternatives on, experiment with changes to, and, in the face of divergent views, conclusively resolve disputes on the major national intelligence programs whose integration he is charged to accomplish. In addition, line command of CIA along with collegial leadership of the Community imposes tension on both jobs. The Community suspects the DCI and

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his Community officers of favoring CIA. CIA fears loss to the Community arena of its senior protagonist and only link to the President. To be a true Community manager held accountable as such, the DCI must have more line authority and direct budget control over NFIP elements other than CIA. At the very least, the DCI must gain line and budget control over the "commanding heights" of the national community he is responsible for: CIA, NSA, [REDACTED]

[REDACTED] The dual-master ambiguity of the latter three must be resolved in the DCI's favor.

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Issue No. 2

Enhancing the quality and relevance of intelligence products to consumers through improved producer-consumer relationships and, possibly, institutional separation of analysis and production from collection.

Discussion

1. Delivering high-quality and relevant finished intelligence to policymakers is the purpose of intelligence. It is the DCI's fundamental responsibility as an agency head and Community leader.

2. The quality of intelligence products has been criticized increasingly in recent years by Congressional committees and selected figures in the Executive branch. Some criticisms cancel each other out (some want more hard data, others more speculative analysis); some reflect the unlimited appetite of consumers for more information.

3. A frequent criticism is that producing entities are given too little guidance by policymakers as to what their real intelligence needs are, and that producers are too reluctant or lethargic about seeking such guidance.

4. Community experience shows that formal mechanisms for involving consumers in establishing production priorities and needs run a high risk of non-use. The defunct NSC Intelligence Committee met twice and disappeared. The most important consumers tend to be too busy and distracted to articulate their intelligence needs thoughtfully.

5. Intelligence production entities find that informal means of keeping in touch with consumer needs and views are more productive. Often the best way to determine what the consumer needs is to find out what he is trying to accomplish, i.e., to understand policy goals.

6. In the past three years, numerous experiments and innovations have sought to improve product quality by, among other things, improving producer-consumer contact. The DCI's NIOs and DIA's DIOs have this responsibility. In some components, middle management and analysts are encouraged to seek

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out consumer contacts. Other managers find this troublesome and threatening. Defense intelligence has created a Defense Intelligence Board to link producers and consumers in the Pentagon.

7. Intelligence professionals, especially in CIA, harbor some reservations as to the effect of close producer-consumer relations on product quality. They fear that too close a tie could tend to draw intelligence analysis into the policy process directly and jeopardize the objectivity of intelligence product. Some would cite the experience of intelligence support to SALT negotiations, which created a very close intelligence-policy relationship, as refuting this fear. Others would cite the SALT experience as confirming its validity.

8. Concern about the quality of intelligence analysis has several possible implications for Community management structure:

a. Some argue that analysis and production are starved for resources relative to collection and processing. Modest resource shifts from the latter to the former would, supposedly, yield major benefits. While intuitively persuasive, this cannot as yet be proved to the satisfaction of all authorities involved. In any case, it would take strong central leadership in the Community to accomplish a meaningful shift of this sort.

b. Some maintain that major improvements in product quality can only be achieved by breaking intelligence analysis away from organizations that are dominated by collection and related intelligence activities. A self-standing national intelligence analysis organization is required, in this view, to allow its management to concentrate on analysis, to make persuasive claims for resources, and to maintain academic and foreign contacts that are now inhibited by identification with collection, especially CIA's Clandestine Service.

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c. Others would argue that separation of analysis from collection is dangerous and counterproductive. Collection can only be focused efficiently if it is directly responsive to the information requirements of analysts. In turn, analysis must be based on a thorough awareness of source capabilities.

9. Attention to the quality of intelligence products and the involvement of consumers in establishing production priorities has lately been given new impetus by President Carter's expressed interest.

Possible Conclusions of the PRM-11, Task 2 Report

10. Full satisfaction of consumer desires for intelligence is not possible because needs are theoretically unlimited and constantly growing in practice. Major improvements require steady effort at many levels of the Community. Areas requiring improvement include, by way of example, data base and information handling systems, policies affecting the quality of analytical personnel, procedures for protecting research and analysis from "firefighting," procedures for reducing the labor costs of major national estimates. No single innovation will be a panacea.

11. Because there are so many different kinds of consumers with different needs, diversity of intelligence service at the "output end" is required. Although uneven in effectiveness, the Community has such diversity today in several major departmental production entities and one major national production organization -- CIA. They can serve a diversity of consumers and also be brought together for a national judgment on vital issues. The challenge is to make this system work better.

12. Closer producer-consumer relations are desirable. But fears for their impact on objectivity are not baseless. Formal mechanisms are less promising than steady management attention within the Community, and a more thoughtful attitude on the part of consumers.

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Issue No. 3

Defining the role and authorities of the DCI in wartime.

Discussion

1. The role of the DCI in wartime is left exceedingly vague by present law and executive orders. No statute implies that the role of the DCI in war should be substantially different from that in peacetime. But the responsibilities of the Secretary of Defense for "strategic direction of the armed forces in war" clearly impart major intelligence authorities to him also. Several executive instruments and agreements stipulate that specific assets managed by the DCI in peacetime should come under the Secretary of Defense or military commands in wartime. NPIC becomes subordinate to the Secretary of Defense in wartime under NSCID No. 8.

25X1 [redacted] shift to military authority in "active theaters of war." NSCID No. 5 provides that CIA clandestine operations "in or from a theater [of war]" shall, with certain exceptions, come under the theater commander.

25X1 2. It is explicitly assumed by the Department of Defense that some national intelligence collection assets in the Department of Defense, notably in NSA [redacted] will be fully and directly responsive to Department of Defense tasking and control during wartime, although in peace they derive their routine requirements and tasking from Community mechanisms presided over by the DCI.

3. Underlying this problem are several basically divergent philosophies. Some in the Department of Defense tend to believe that no intelligence or reconnaissance asset not directly commanded by Defense elements can be expected in wartime to be available to meet military needs. Since such Defense needs are clearly paramount in war, Department of Defense elements have a prima facie case for controlling all or most national intelligence assets in war, according to this view.

4. Past DCI's have tended to acquiesce at least tacitly to this philosophy, in part to avoid potential conflicts with the Department of Defense over a condition that was generally believed either to be unlikely or not practically relevant to the DCI's dominant peacetime concerns.

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5. Another philosophy holds, however, that the DCI is as much a leader and manager in war as in peacetime. Two de facto wars, Korea and Vietnam, saw more or less orderly adjustment of peacetime arrangements to the conduct of war without major shifts in authority. In a major conflict, short of all-out nuclear exchange, in this view, there would be as much need as in peace for a centrally managed national intelligence effort and autonomous channels of intelligence advice to the President and the NSC. Under the direction of the President as Commander-in-Chief, such a national intelligence system should, could, and would supply needed support to the Secretary of Defense and to military commands.

6. A third approach to this problem is essentially pragmatic. It starts with recognition that, as Commander-in-Chief, the President may subordinate intelligence resources in time of war as he chooses. The problem is that:

a. The most effective subordination and control of major intelligence resources, especially real-time satellite systems, will depend to some degree on the peculiarities of war scenarios that cannot be confidently specified before the fact.

b. Reliable control and changes of control over such assets must be carefully planned administratively and mechanically well before the fact, and thoroughly exercised.

This view would reject legalistic debates over who controls what in favor of careful contingency planning that would permit such decisions to be made in terms of real needs and capabilities at the time required and reliably implemented. It would be recognized that control of given assets would go to the party with paramount need at the time. But whoever controls would be obliged to service the needs of others as well.

7. Lack of clarity in the DCI's wartime role has:

a. complicated the task of sorting out overlapping interests and responsibilities with respect to "national," "departmental," and "tactical" intelligence in peacetime.

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b. prevented the DCI from instituting realistic contingency plans for wartime, e.g., with respect to location, communications, collection tasking.

c. complicated DCI crisis management planning.

8. This entire subject tends to produce emotional reactions when directly confronted.

Possible Conclusions of the PRM-11, Task 2 Report

9. Lack of clarity in the DCI wartime role has produced serious problems along lines discussed above.

10. There is a good case that the reasons to have a DCI-led Community in peacetime are equally valid in war. But the Department of Defense would have to be assured that its needs for intelligence at all levels could be adequately met. This is particularly pressing as national intelligence assets, notably space systems, acquire more capability to supply tactical intelligence.

11. The Department of Defense's lack of control over national reconnaissance systems in space during war might augur for its acquisition of more specialized wartime reconnaissance capabilities. But the physical vulnerability of space systems in war is likely to be a more compelling motive in this respect.

12. In any case, whether it be to run national intelligence systems for all customers, or to "chop" some or all such assets to the Department of Defense, the role of the DCI in war must not only be defined, it must be planned for, mechanized, and exercised far more explicitly than currently. And it must account not for "war as a general case" but for a variety of conflict levels and scenarios, including limited nuclear exchanges.

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Issue #4

Defining the intelligence reporting responsibilities of U.S. Government "information gatherers" who are not formally part of the Intelligence Community.

Discussion

1. Most U.S. Government departments and agencies have some overseas presence or other potential to gather and report information of foreign intelligence value. The methods whereby such information is made available for intelligence purposes are unevenly effective where such capabilities lie outside the Intelligence Community. Important examples are the reporting of State's Foreign Service, Treasury, Commerce and Agriculture attaches, USIA, and Defense military assistance groups. Of these entities, the Foreign Service is the most crucial. Recent assessments find that some 40 percent of human reporting on major intelligence priorities comes from Foreign Service reporting.

2. Reliably acquiring and integrating such reporting for intelligence purposes has been a problem to some extent. Most State Department reporting is routinely available to intelligence. But certain classes of information, notably NODIS materials, are sometimes withheld or severely restricted in dissemination. Some Military Assistance Groups have been explicitly instructed not to engage in any information gathering and reporting that might be construed as intelligence collection because of fears that such activity might tarnish relations with host authorities.

3. A second difficulty with intelligence dependence on non-intelligence information gatherers is that, lacking a reliable and mutually acceptable means for formally tasking such sources, intelligence cannot systematically plan and program on the basis of such capabilities. This creates a tendency to levy on Community collectors, especially CIA's Clandestine Service, collection requirements that could probably be better met by overt collection. Project FOCUS, a systematic review of information reporting by overseas missions being done by the DCI's Human Resources Committee, has noted such problems in the area of economic reporting.

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4. The organizations possessing these non-intelligence information gathering capabilities strongly resist any formal requirements or tasking relationship to intelligence. They do so largely because they believe such a relationship would undermine the authority of their own chains of command. They also point out that gathering information of intelligence value is only a subsidiary service; their major duties are to conduct diplomacy or fulfill other duties that would be obstructed by any formal association with intelligence.

Possible Conclusions of the PRM-11, Task 2 Report

5. Some would judge the above problem to be a natural and unavoidable irritant stemming from the fact that intelligence and information are not readily distinguishable. Intelligence cannot presume to have a command or tasking relationship to every source of information on which it relies.

6. Others would maintain that the problem is severe enough in the area of human resource management and tasking to demand some amelioration, at least with regard to Foreign Service reporting.

7. Under the present system of non-directed reporting by the Foreign Service and related non-intelligence departments and agencies, upwards of 40 percent of that overt reporting is of value for national intelligence production. Improved direction and cohesion at the national level might significantly increase this level. The government's purpose should be to reduce costly and risky technical or clandestine collection of information that might be acquired by open methods. To that end, the collection performance of the non-intelligence foreign affairs agencies should be maximized. This problem is of fundamental importance, has existed for decades, and is probably not within the capability of the DCI to resolve without Presidential and NSC level intervention. The increasing demand for current intelligence reporting underscores the importance of the issue. PRM-11 provides the opportunity for Presidential direction to spur improvement.

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Issue #5

Defining the role of intelligence organizations in analysis that combines intelligence data and judgments with data and judgments on U.S. policy, capabilities and operations; e.g., net assessments and crisis management support. *

Discussion

1. U.S. intelligence is continually obliged to analyze international developments in which the United States is itself an influential actor. Such problems arise in analysis of the foreign policy objectives, military goals and capabilities, and perceptions of other countries. Since the foreign view of U.S. behavior and capabilities is frequently not complete and explicit in intelligence sources or may be inaccurate, sound intelligence judgment frequently requires the inclusion of data or judgments about the U.S. If such inclusion is not explicit, it occurs implicitly with the result that conclusions are unpersuasive or appear biased by subjective, but unrevealed assumptions. This problem can arise in both long-term analysis and very time urgent warning and crisis situations.

2. Prevailing professional attitudes within intelligence organizations, especially CIA, oblige a considerable wariness about appearing to pass judgment on U.S. policies and actions. This is reinforced by the reluctance of some policymakers, notably in the Department of Defense, to see intelligence entities involved directly in policy deliberations. But the amalgam of foreign and U.S. perspectives, of "Red and Blue" information must occur anyway. For example, any effort to assess the capabilities, present and future, of Soviet military forces must confront the question: Capabilities to do what? The major concern has to be capabilities to wage war against present and future U.S. forces. Similarly, any overall assessment of Soviet objectives in world affairs must include an assessment of the Soviet view of the U.S. Such a view is impossible to insulate from the analysts' own appreciation of the U.S. As in all analytical work, the more explicitly such considerations are treated, the better.

* Several Community respondents believe net assessment and crisis support should be treated as separate issues. They are combined here because the necessity of mixing foreign and U.S. data arises in both. They can, however, be treated separately.

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3. Dilemmas of mixing "Red and Blue" information have been increasingly acute for intelligence in connection with the rising demand for net assessments and other comparative analyses involving the U.S. side. In addition to voicing fears about being drawn into judgments on U.S. policy and capabilities, intelligence organizations have complained that they are not supplied with sufficient information on the U.S. side of most net assessment problems; nor do they have the requisite number of trained analysts, e.g., in military operations research, to meet increased demands for net assessments.

4. A related problem arises in the area of crisis situation reporting. Following crises in the Middle East and Southeast Asia, President Ford instructed the DCI to consolidate into one authoritative National Intelligence Situation Report (NISR) the plethora of crisis "sitreps" that flood the upper reaches of government from the several departments. He further stipulated that such reports should include necessary information on U.S. actions and events. Procedures have been devised that would create a single interagency task force to produce a single NISR. Although not formally promulgated yet, these procedures were tried out during the Korean "Paul Bunyan" contingency with mixed results. Consumers expressed appreciation for a single "sitrep" of high analytic quality, but problems arose incorporating information on U.S. military activities and some intelligence analysts involved thought this joint task force approach an unnecessary burden.

5. The JCS has been reluctant to see operational information on U.S. military actions, especially on sensitive actions underway or options under review, included in intelligence publications, both for security reasons and to preserve their ability to advise and report directly to the President. A DCI-JCS-SecDef Memorandum of Understanding has been under consideration at lower levels to compromise on this problem. It would provide for inclusion of some JCS operational information in the NISR at JCS discretion and afford the DCI information on JCS options under consideration for his use in NSC or SCC discussions, provided that information does not appear in intelligence publications.

6. State has been reluctant to participate in NISR Task Forces, largely for reasons of scarce manpower. State has also been reluctant to share its version of "Blue information," sensitive diplomatic cables, with intelligence elements except under very tight dissemination.

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7. The challenge of mixing "Red and Blue" information in crisis support into intelligence does not arise solely from the desire of senior policy officials to receive a single, carefully integrated report that keeps them informed in a timely way on both foreign and U.S. actions during a crisis. To a considerable degree, such mixing is demanded in order to reach sound and timely intelligence judgments on the perceptions, motives, and possible options of foreign actors in a crisis. Clearly, intelligence analysts cannot usefully interpret actions of foreign states unless they have good insight into what the U.S. is telling them or doing to them. Here the needs of the military operator, the diplomat, and the top-level decisionmaker for maximum discretion sometimes conflict with the "all source" appetites of the intelligence analyst. Both needs are legitimate to a degree, but reliable means of reconciling them are lacking. Informal, personal contacts sometimes bridge the gap.

8. This problem is but a part of the much larger challenge facing the DCI: the creation of an integrated, Community-embracing system that combines warning and crisis management functions, and adequately supports policymakers both in handling crises and in averting crises before they mature.

Possible Conclusions of the PRM-11, Task 2 Report

9. A large part of the problem with net assessment is semantic. At one level, net assessment merely comprises a set of tools to be used for analytic purposes. To the extent those tools illuminate the capabilities, perceptions, and options of a foreign country, intelligence can and must use them, assembling the data and necessary skills to do so. Failure to do so detracts from the quality and relevance of intelligence analysis. Some risk of appearing to pass judgment on U.S. policies and capabilities has to be run.

10. The more knotty question arises when the principal purpose of a net assessment is explicitly to inform selection among U.S. policy or force capability options. Here, intelligence professionals would prefer to play a secondary, supportive role, fearing that their credibility would be eroded and their competence overtaxed by direct involvement in policy disputes. Some, notably in DoD, approve this reluctant posture. Others, occasionally found in the NSC and Congress, would like to see intelligence more deeply involved in policy net assessments as a counterweight to established policy departments.

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11. With respect to crisis reporting, the main requirement of the Intelligence Community is to design a consolidated warning and crisis management and reporting system for itself. It is then up to higher authority to determine whether and to what extent that system should also embrace reporting on the U.S. side of a crisis situation.

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Issue #6

Defining the role of the DCI as substantive intelligence advisor and advisor on intelligence operations to Congress.

Discussion

1. In all probability, neither the amiable discretions of several decades nor the broad but retrospective investigations of the past three years are instructive precedent for the future relations of U.S. intelligence and Congress. The character of those relations is just now evolving and cannot be unilaterally shaped by the Executive Branch. At the same time, constructive initiative by the President and the DCI at this crucial time seems likely to influence those relations for a considerable period into the future.

2. The DCI will have basic responsibilities to Congress:

- To defend the NFIP and budget
- To give testimony on legislation relating to intelligence operations, restrictions, structures, security, etc.
- To inform appropriate Committees with respect to sensitive foreign operations
- To provide substantive intelligence relating to U.S. foreign and national security policy.

3. Although the last two roles have long antecedents, they may prove to be the most troublesome in light of Congress's determination to exert more influence over intelligence operations specifically and U.S. foreign and defense policy more generally. These roles appear likely to raise important concerns about security and about the respective prerogatives of Congress and the President in the conduct of U.S. foreign affairs.

4. The nature of these relations will depend, of course, on the number and make-up of Congressional committees with special oversight responsibilities regarding intelligence, security rules established, and other modalities.

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5. More crucial will be any basic charter legislation that defines the roles, missions, responsibilities and structures of intelligence entities, including the DCI or other senior national intelligence functionary of the U.S. vis-a-vis Congress.

6. The draft bill to establish a National Intelligence Authority (Miller draft) currently under consideration in the SSCI gives an indication of the maximalist conception of DCI responsibilities to Congress some in the Congress hold reasonable. It would in effect make the DCI coequally responsible to the President and Congress.

7. Undoubtedly, the future relations of the DCI and Congress will be governed by some combination of new law and evolutionary practice.

Possible Conclusions of the PRM 11, Task 2 Report

Deferred

Issue #7

Enhancing the effectiveness of the DCI in the protection of intelligence sources and methods.

Discussion

1. Measures to protect sources and methods have generally been applied on an individual department or agency basis, notwithstanding the DCI's statutory responsibility for such protection. The significant number of unauthorized disclosures ("leaks") of such sensitive information in recent years--e.g., publication of the Pike Committee report, press disclosure of the recovery of a Soviet submarine--have raised questions on whether the existing system can protect sources and methods. Demands for improvement have generally been unfocused and have often consisted of pleas for stronger laws. Previous initiatives have not addressed the inter-related aspects of the problem and have not dealt with what the Community under DCI leadership can do on its own.

2. A wide variety of means are used or usable to protect sources and methods. Reports can be written so as to provide consumers information from, not about, the source, but consumers demand and generally need some source information to assess the information's validity. Security classifications enjoin users to respect the secrecy of the data, but leaks show that the injunction is not always honored. Supplemental controls such as formal compartments and dissemination and use restrictions are designed to protect sensitive sources and methods, but are often based on ill-defined criteria and subject to overuse with resultant loss of credibility. Personnel security procedures to insure that those given access to sources and methods data will safeguard it vary widely from agency to agency, despite the wide dissemination between agencies of sensitive intelligence. Current statutes bearing on leaks require a jury to be shown, in detail, why it is and how it is that the disclosed information is sensitive, thus approaching the issue as if the classification was suspect to begin with.

3. The system is out of balance. The perceived inability of "normal" classifications and controls to prevent leaks and doubts about the efficacy of some persons' personnel security clearances have prompted overclassification and excessive reliance on compartmentation to protect sources and methods. Thus, the belief that classifications and controls are arbitrary is reinforced, and inhibitions against leaks are weakened resulting in the fueling of tendencies

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towards overcontrol. Excessive reliance on tight controls works against necessary dissemination of intelligence needed for analysis, management and operations.

Possible Conclusions of the PRM-11, Task 2 Report

4. A coordinated approach to reinvigorate the classification system, set clear criteria and weigh need for supplemental controls, develop adequate and uniform personnel security criteria for access, and work for more effective statutory sanctions is necessary to rebalance the system and provide meaningful protection for sources and methods. This will require:

a. Strict construction of classification criteria (e.g., classify by content and by paragraph to make originators think as much about sensitivity as about substance; revise E.O. 11652 to tighten definitions and individual responsibility; have program managers provide classification guidance; and, have Inspector Generals monitor compliance).

b. Define criteria for supplemental controls and weight impact of compartments before approval (e.g., define sensitive sources and methods; require separation of source data from product with least dissemination constraints on latter; subject compartments to "sunset law" concept with DCI to validate or renew only after Intelligence Community risk-gain assessment argued by both collectors and consumers; ensure uniform administration for compartments; seek DCI authority to change TK and COMINT systems as he deems necessary; tighten criteria for restrictive markings; and, inspect/adjust internal access control systems).

c. Develop uniform criteria for clearance/access to similar levels of sensitive information (e.g., determine what background coverage is really needed and used; seek more data from subjects themselves; work towards Government-wide system for all with access to sources and methods data).

d. With prospect of better system credibility resulting from above improvements, seek a new law to deter/punish leaks of sources and methods information (e.g., define terms narrowly enough to ensure political acceptability and uniform application; exempt sources and methods data from Freedom of Information Act; ask Attorney General to task FBI to investigate serious leaks without regard to prosecutive determination).

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Issue No. 8

Strengthening of US foreign counterintelligence (CI)* and establishing a national foreign CI policymaking structure and coordinating mechanism(s).

Discussion

1. The size and extent of the Soviet/East European/Cuban human intelligence effort against the US continues its increasing trend and constitutes a significant threat to national security. This hostile intelligence effort includes not only a larger Soviet official presence in the US, but large numbers of technical, cultural, and economic visitors to the US; a large number of Soviet vessels with their crews; and extensive Soviet operations to recruit Americans in and from third countries.

2. The US foreign CI (FCI) effort against this threat is carried on by five separate agencies -- the FBI, CIA, US Army Intelligence Agency (USAINTA), Naval Investigative Service (NIS), and Air Force Office of Special Investigations (AFOSI). There is no national CI policy or structure. Coordination is inadequate. The CIA coordinates CI operations abroad; the FBI, within the US. There is no centralized operational coordination in the Department of Defense. There is nothing overall. Furthermore, in terms of resource purview, the CI components of the FBI and CIA are now within the National Foreign Intelligence Program, but the military CI agencies are not.

3. This situation adversely affects our national ability to deter the foreign hostile intelligence threat. The FBI has the bulk of the resources devoted to the national FCI effort. The FBI, however, is still experiencing practical difficulties

* The E. O. 11905 definition of foreign CI applies. The emphasis is on the foreign relationship; the locus may be either within the US or abroad. Substantively it does not include protective security functions but does include foreign CI collection, investigations for operational leads, operations, related information processing, and production.

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in building a career CI corps with resources adequate for the threat. CIA, which is responsible for CI operations abroad, from whence a significant part of the CI threat comes, is still rebuilding its CI program to make up for past problems.

4. FCI sooner or later involves Americans. Legal and public concerns with insuring protection of constitutional and statutory rights sometimes slow individual agency FCI efforts and impede their effectiveness.

5. The basic problem therefore is how to strengthen the national FCI program while insuring that the constitutional and statutory rights of Americans and others entitled to these rights are protected.

6. The deficiencies and the problem are widely recognized. The Church Committee has recommended the creation of a new NSC CI Committee with the Attorney General (AG) as Chairman, and a classified review of current CI issues to provide for enunciation of a classified Presidential statement on national CI policy and objectives. The President's Foreign Intelligence Advisory Board (PFIAB) has recommended the development by the AG, in consultation with the DCI, of a national CI policy directive, and the establishment at a senior level of a CI coordinating mechanism responsible to the DCI and the AG.

7. In recognition of and in response to the above, the Intelligence Community Staff (ICS) drafted and circulated for Community comment a proposed unclassified Executive Order to establish an AG-chaired NSC-level National CI Policy Committee with a subordinate working body. The Department of Defense, State, FBI, and CIA have all supported the proposal in principle. An approach to Attorney General Bell by the DCI, the Deputy to the DCI for the Intelligence Community, and the FBI Director is planned as a next step to secure Attorney General Bell's agreement in principle to head such a group. A Community working group under ICS auspices would then revise the original proposal to reflect Community comments on it and new insights.

Possible Conclusion of the PRM-11, Task 2 Report

8. There is no real alternative to the establishment of a national foreign CI policymaking and coordinating structure. Without it the problem will only get worse.

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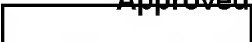
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